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CHINA
LOOTED

"I confess that I see no reason whatever why, either in act, or in word, or in sympathy, we should go individually, or internationally, against Japan in this matter. . . . Who is there among us to cast the first stone and to say that Japan ought not to have acted with the object of creating peace and order in Manchuria and defending herself against the continual aggression of vigorous Chinese nationalism ? Our whole policy in India, our whole policy in Egypt, stand condemned if we condemn Japan."

—*The Rt. Hon. L. S. Amery.*

CHINA LOOTED



THE PRIZE

HER coal supply is twenty times that of Great Britain, her iron resources cannot be measured ; she produces in abundance silk, cotton, bean oil, lumber, wool, jute, skins, furs, rice and eggs. Her industrial areas provide the world's cheapest labour supply and her 450 millions the greatest untapped market in the world.

What a country to loot !

THE STAKES

Small wonder that financiers, investors and merchants of all nationalities are playing high for the power to exploit these resources and the people of China. Their stakes to-day are huge.

£700 millions are invested in China, mainly by British, Japanese and American capitalists and financiers.

They own all China's railways, most of her shipping, all her greatest factories, her coalfields and many of her iron foundries. They have absolute control of all her customs' receipts, salt tax receipts, telephones, telegraph and radio.

The prize is rich and the stakes are large. British Japanese and American imperial interests each seek the largest slice. First, the Imperialists grab from the Chinese people and then they struggle between themselves for the loot. Before the war there were many claimants : Britain, France, Russia, Germany and Japan ; but the war reduced the rivals to three : Britain, Japan and the U.S.A.

THE PIONEERS

First in the field, most experienced in methodical plundering and in maintaining the appearance of respectability, are the British Imperialists. Their record is

startling in its audacity. To establish their hold they sent troops and warships to China six times between the years 1839 and 1927. In the course of these trips they bombarded Canton, Amoy, Peking and Nanking and killed and ruined many of the civil population. Then, having forced her entrance into China, Britain fought in turn, by diplomacy and finance, France, Japan, Russia, Germany, the U.S.A. and again Japan to prevent them from setting too much foot in China.

In 1889 Britain combined with Germany to keep France out of Siam and Burma.

In 1895 Britain helped Russia to keep Japan out of Siberia.

In 1905 Britain backed Japan to break the Russian domination in Northern China and the German control of Shantung.

From 1907 to 1911 Britain financed the Peking Government against the Revolutionary Nationalists.

From 1902 to 1926 Britain financed the Japanese against the United States.

In 1927 Britain helped the Nationalists against the Communists.

And now in 1937 Britain seeks American support to hold the Japanese in check.

Always Britain repaid her allies—with Chinese territory and concessions at the expense of the Chinese people. The French were assisted to grab Yunan, the Japanese, Korea, the Russians, Manchuria, the Germans, Shantung—only the Americans needed no help!

And all these fantastic twists, turns and betrayals of her allies by the British had one simple and definite purpose :

To safeguard the £230 millions invested by British capitalists in China and the profits derived from them.

This—no more, no less.

WHOSE MONEY ?

These British interests closely concern every section of the British governing class : the landed aristocracy, manufacturers and merchants and the City of London financiers all claim a share of China. Their investments according to the latest estimate is shown in the list below.

British interests have :—

£50 millions in General Import and Export Trade.

£42 millions in Real Estate.

£36 millions in Manufacturing.

£28 millions in Railways and Shipping.

£24 millions in Banking and Finance.

£10 millions in Public Utilities.

£4 millions in Mining.

£36 millions in Miscellaneous.

A total of £230 millions of British money and vested interests.

An astonishing array of British firms, corporations and banks have a finger in this pie.

Egg merchants, soap manufacturers, lumber exporters, cotton mills, cold storage, breweries, wharves, docks, engineering concerns, electric constructors, waterworks, power and gas companies, together with a string of familiar names : Paton and Baldwins, Liddell Brothers, American Tobacco Company, the P. and O., the Asiatic Petroleum Company, and behind them, through the Hong Kong and Shanghai Banking Corporations, stands the expectant wealth of the City of London.

£180 millions of British money is concentrated in Shanghai alone, while of the remainder £20 millions is in Hong Kong and £30 millions in the rest of China.

It is impossible to grasp fully the extent of the British hold on Southern China without showing the process of the British occupation. Its importance will become clear when the Japanese aggression is considered.

Let us trace the familiar method.

In 1898 the Chinese Government needed money to pay the Japanese an indemnity. British interests undertook to give China the necessary "financial assistance." The $4\frac{1}{2}$ per cent. Gold Loan was floated. China borrowed £16 millions. Actually she received only £13 millions; the difference was kept by the banks as "commission" of one sort or another! China had to undertake to repay the full capital of £16 millions, and in addition to pay interest for 45 years amounting to £22 millions.

Thus, for a loan of £13 millions, British Banks and bondholders received back £38 millions or 283 per cent.!

Nor was this lucrative rake-off all that was asked of China. The loan had to be secured by "the entire revenue of the Chinese Maritime Customs." Control was lodged in the British Hong Kong and Shanghai Banking Corporation and it exists to this day. In June of 1937 the $4\frac{1}{2}$ per cent. Gold Loan, which could be bought at £83 39 years ago, was quoted in London at £102. This, after having already received £177 in interest. A good thing for somebody!

This was simply the beginning. Later loans showed a distinct improvement. The nicely styled "Reorganisation Loan" which was to help to crush the Nationalist Revolution amounted to £19 millions, and China had to pledge her Salt Tax, her only taxable commodity, to repay £68 millions or 325 per cent. in 47 years.

In this way the British gained their footing in the South China ports and took control over her customs and the railways and the shipping that carried British trade and opium into the interior.

But strange writings now appeared on the Great Wall!

RISING SUN

From across the narrow Yellow Sea Japanese Banks, Japanese industries and Japanese statesmen were looking for suitable fields for the expansion of their rapidly growing

industry and population, and particularly for the profits of the new ruling class.

And what could be more attractive than the British example in China?

Easy and very large profits, vast mineral resources, a ready market and the chance of the Japanese flag following her trade into China and so easing the social strain of her poverty-stricken peasantry at home.

At the beginning of this century the Japanese began to colonise China. In 1902 Japan concluded her alliance with Great Britain. A quarter of a century of Anglo-Japanese friendship followed. These 25 years enabled Japan to establish herself in the Far East and to threaten to-day British rule in the China Sea. Such is the nature of alliance and friendship between Empires!

THE SETTING SUN

In 1899 the Japanese share of the China trade was 11 per cent.; in 1930 it was 24 per cent. —more than double.

In the same period the British share dropped by one-third from 12 per cent. to 8 per cent.

In 1899 20 per cent. of all foreign firms in China were Japanese; in 1930 more than 55 per cent. were Japanese —more than $2\frac{1}{2}$ times as many.

In the same period British firms dropped by two-thirds, from 43 per cent. to 15 per cent.

In 1899 there were no Japanese investments in China. By 1930 they were as large as those of Great Britain.

Japan, largely through British help, ousted in turn Imperial Russia, France and Germany from participation in the political and economic spoils of China. The basis for this policy was a tacit understanding between Britain and Japan in 1898, when Britain seized the Chinese port of Weihaiwei. In return Japan asked for the

“concurrence of support of England for any similar measure she might take in future to strengthen her defences or to promote her interest.”

The Chinese, of course, were not consulted.

British investors and merchants exploited Southern China, and the Japanese the North.

But history did not stand still—nor did it repeat itself.

VICTIMS OF EMPIRE

The arrival of the Japanese on the scene was accompanied by a long series of internal upheavals in China. Contact with the western countries had brought western political ideas. In 1911 the old Manchu dynasty was overthrown and a Republic declared. The Emperor left, but the generals and their methods remained. For ten years war lords and local chiefs fought each other for the mastery of the country and the right to rob the peasantry.

While this was happening new social forces were fermenting; the people were becoming articulate. The peasantry, driven to desperation by the whip of famine, and the town labourers, embittered by their experience in large factories, were turning revolutionary.

Chinese labour in the Treaty Ports began to revolt. Conditions of work in British, Japanese and Chinese factories were abominable. In the Shanghai cotton mills, for example, the British employed 17,000, the Japanese 55,000, and Chinese 45,000 employees. Of these, 70,000 were women, 30,000 children, and only 17,000 men.

The men received 7d. to 1/- a day.

The women less.

The children 1d. to 6d. a day.

"Normal hours are 12 for a day or night shift and sometimes 15 or 16 hour shifts on the day before machines are stopped for cleaning, so that women and children may have to stand for perhaps 16 hours. Very young children are employed in the mills."

"There is not time or place for meals. There is very little lavatory accommodation. Babies are not allowed in the foreign factories, so they have to be entrusted to a neighbour. Women are allowed two weeks away at the time of their confinement. If they do not return then, they are liable to be dismissed. They get no pay during this period. For serious accidents compensation up to 50 dollars is sometimes given, but there is no

obligation to pay any compensation whatever. Here, as elsewhere, there is no fencing of machinery, and owing to the very long hours worked and the youth of the workers, very serious accidents occur" (*Col. Malone's Report to the I.L.P.*, 1926).

Since this description was written, wages have fallen and conditions have become worse.

But the workers in the industrial towns of China are a minority of the population. Less than five millions can be classed as industrial workers, whereas there are more than 400 million peasants and land labourers.

Peasant life has hardly changed since the Middle Ages. For centuries the Chinese peasant has been exposed to the ravages of the War Lords, usurers, landlords, of floods and famine.

But the great strike movements of the workers in Hong Kong, Canton and Shanghai carried their message from the town workers far into the interior, and the gist of it even the simple peasant understood: his conditions were not unalterably fixed—it lay in his power to improve them.

The great peasant revolt commenced.

THE REVOLUTION MARCHES !

These waves of the popular movements of the peasants and the town workers were canalised in the Nationalist Revolution led by the Kuomintang, which spread northwards from Canton in 1926.

The Kuomintang programme aimed at reuniting China, modernising the Government, giving it a proper control over the army, sweeping away the antiquated traditions and enabling the country to develop its productive forces—but all on sound Capitalist lines.

The Communists believed that the unity of China was an essential prerequisite to a Social and Land Revolution, and supported the Kuomintang Government.

The National Revolution swept over all barriers into the sacred British sphere of influence, into Shanghai and the Wuhan industrial towns on the Yangtze River. It was welcomed in Shanghai by a General Strike of over a

million workers directed against Imperialism. Both the British and the Japanese Capitalists and the Chinese bankers, merchants, contractors and generals, who gave financial backing to the Kuomintang, took fright.

They organised a coup with General Chiang Kai-Shek, the head of the Right-wing section of the National Army. They turned it against the workers, against the peasants, and particularly against the Communists. More than 8,000 leading members of the Party were executed, villages in revolt were wiped out, and a reign of terror directed against all who wished to carry out the promises of the Kuomintang to its labour and peasant supporters.

The Revolution was halted.

THE FIRST SOVIETS

The peasants saw themselves cheated, saw the landlords coming back to reclaim their vast estates which had been distributed among them. The town workers were at the mercy of the terror. The peasants gathered what arms they could, and in the Southern and Central Chinese Provinces occupied the estates and proclaimed the "Peasants' Soviet." The Civil War of the peasants and land labourers against the merchants and bankers and their army was declared.

It lasted ten years, until the early days of 1937. Six great campaigns against the Soviets, organised with the help of British money and German generals, failed to destroy their spirit. Hard-pressed, the Soviets withdrew from the South and moved to North-West China. Again the great area of China fell under the rule of landlords, bankers, merchants and foreign Imperialists. Famines recurred at regular intervals. Edgar Snow, an American journalist has described them :

"Children are pitiable with their little skeletons bent over and misshaped, their crooked bones, their little arms like twigs, and their purpling bellies, filed with bark and sawdust, protruding like tumours. Women lie slumped in corners, waiting for death, their black blade-like buttocks protruding, their breasts hanging like collapsed sacks. But there are, after all, not many women and girls. Most of them have died or been sold.

Millions of people died that way in famine and thousands more still die in China to-day like that. But these were not the most shocking things after all. The shocking thing was that in many of those towns there were still rich men, rice-holders, wheat-holders, money-lenders and landlords, with armed guards to defend them, while they profiteered enormously. The shocking thing was that in the cities—where officials danced or played with sing-song girls—here were grain and food, and had been for months; that in Peking and Tientsin and elsewhere there were thousands of tons of wheat and millet, collected (mostly by contribution from abroad) by the Famine Commission, but which could not be shipped to the starving. Why not? Because in the North-West there were some militarists who wanted to hold all of their rolling-stock and would release none of it toward the east, while in the east there were other Kuomintang generals who would send no rolling-stock westward—even to starving people—because they feared it would be seized by their rivals" (*Red Star Over China*," page 217).

Again the peasantry grew desperate.

AGAINST JAPAN

Chiang Kai-Shek failed to better the conditions of the masses. This led to a growing revolutionary temper inside his own territories. It took the form of a great popular anti-Japanese movement after the invasion of Manchuria in 1932. By the spring of 1937 the Japanese military authorities in China realised that Chiang Kai-Shek could no longer hold the revolutionary movement in check.

Even the Japanese-controlled provinces in Northern China were in a perpetual state of ferment. Ten revolts in the province of Chahar took place between April and June, 1937. The Japanese therefore made an offer to the Nanking Government for a joint campaign against the Reds.

But the Nanking Government refused. It had to refuse.

Once more history has not stood still.

The civil war against the Reds ceased. Nanking troops fraternised with the Reds. Chiang Kai-Shek was kidnapped by his own men. He had to undertake that he would oppose the Japanese.

Another development of world-wide importance took place. The Japanese came into conflict with the British Empire.

Every step the Japanese military took following the invasion of Manchuria encroached on British financial and trading interests. Japanese goods and merchantmen drove British trade almost from North China, Siam and the Dutch East Indies. Japanese military occupation of Formosa and of other strategic small islands near Hong Kong began to threaten British naval supremacy in the Far East.

British interests naturally became concerned to stem the Japanese advance. Financial backing, advice and pressure was put on the Nanking Government to resist further Japanese encroachment.

This threefold pressure of the Chinese Soviets, the great popular demand, and British Capital forced Chiang Kai-Shek to take his stand against the Japanese.

THE REVOLUTION CONTINUES

This great wave of anti-Japanese feeling among the Chinese people is merely the second phase of the incomplete revolution of 1927. One of the great authorities on China has put the situation in this way to the members of the Royal Institute for International Affairs :—

“China has not yet completed her revolution. The problem of the peasant and the absentee landlord remains to be solved. Though the long, arduous task of getting civilians and war-lords alike to recognise the paramount authority of the Central Government was nearing completion when the war began, the development of a democratic state remained to be achieved. The war may accelerate the unification, which must be regarded as a constructive force. Progress towards democracy may be retarded, for in China, as in Japan, war time necessity will inevitably strengthen the trend towards a totalitarian state” (*Edward C. Carter, October 5th, 1937*).

It is clear, therefore, that if leaders of the Chinese people wish to avoid a repetition of the tragedy and betrayal of 1927 they must strengthen their workers' and

peasants' organisations against the Fascist tendencies of their own landlords and Capitalists as well as against Japanese Imperialism. To mobilise the masses against Japan, they must give the masses what they refused them ten years ago : land for the peasants and decent conditions and Trade Union organisation for the workers.

Once again the Chinese movement against Foreign Imperialism has unchained the forces of social revolution. Japanese aggression has clashed with this resurgence of the revolutionary movement in China.

The Japanese have therefore concentrated, above all, on breaking the morale of the Chinese people, hoping in this way to stem the revolutionary tide against which their armies are of no avail.

The towns and territories which they have failed to occupy have been bombed ruthlessly to intimidate the civil population. Even more sinister has been the method employed in Northern China, where the Japanese have opened thousands of popular opium saloons, with the object of making the people incapable of serious resistance by turning them into addicts of opium and heroin.

HOW WE CAN HELP

The interest of the British workers is different from the interest of the British Capitalists. We are not concerned in the millions of British profits gained by sweating Chinese labour or by selling cheap inferior goods at exorbitant prices to ignorant Chinese peasants.

But we are concerned in encouraging the social revolution in China and in defeating Japanese Imperialism.

How can we help?

The Labour movement of this and other countries has appealed to the workers to refuse to purchase Japanese goods so long as Japanese military action continues. The I.L.P. endorses this appeal. If the workers outside Japan

refuse to buy Japanese goods the pressure will be tremendous.

But this is not enough. The metal for the shells which the Japanese army is using, the oil for its aeroplanes and tanks, its bullets and machine guns, the supplies necessary to sustain the Japanese forces in China, come in considerable part from British sources and are in large part transported from British harbours and on British ships.

It is in the power of British workers to stop this. We should refuse to make, handle or transport materials of war for Japan. The British working-class movement should take the initiative in urging the working-class movement of the world to such action.

ONLY THE WORKING-CLASS MOVEMENT CAN STOP JAPAN'S AGGRESSION.

It is no use appealing to the National Government or the League of Nations. Fifteen States have met in conference at Brussels. They passed a resolution condemning Japan—and did nothing.

Raise the demand for action in your Trade Union Branch. Carry it to the Trades Councils and to Transport House. Make it sweep through the whole Trade Union Movement.

But, when opposing Japanese Imperialism, let us remember that there are heroic Socialists in Japan who with great courage are resisting their own Capitalist class. They are doing so at the cost of imprisonment and death. We have no quarrel with the Japanese workers and peasants. Their enemy—Capitalism and Imperialism—is our enemy also.

British Imperialism is as much the enemy as Japanese Imperialism. The working class must fight all Imperialisms. We must overthrow the Capitalist class everywhere. We must overthrow them to lay the foundations of a Socialist Society. *Only thus can we end war.*

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